July 13, 2015

VIA FEDERAL ERULEMAKING PORTAL: http://www.regulations.gov

Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Conflict of Interest Rule
U.S. Department of Labor
200 Constitution Avenue NW, Room N-5655
Washington D.C. 20210

Re: RIN 1210-AB32
Comment on Proposed Conflict of Interest Rule

Office of Exemptions Determinations
Employee Benefits Security Administration
Attn: D-11712, D-11713, D-11687, D-11850, D-11327, D-11820
U.S. Department of Labor
200 Constitution Avenue NW, Suite 400
Washington D.C. 20210

Re: ZRIN-1210-ZA25 (ESBA Docket ID No. EBSA-2014-0016)
Comment on:
Proposed Best Interest Contract Exemption, Attn: D-11712
Proposed Class Exemption for Principal Transactions, Attn: D-11713
Proposed Amendment to PTE 75-1, Attn: D-11687
Proposed Amendment to and Proposed Partial Revocation of PTE 84-24, Attn: D-11850
Proposed Amendment to and Proposed Partial Revocation of PTE 86-128 and PTE 75-1, Attn: D-11327
Proposed Amendments to Class Exemptions 75-1, 77-4, 80-83 and 83-1, Attn: D-11820

Dear Sir or Madam:

In the spirit of informing and advancing the public discussion about the value of financial advice and the importance of financial advisors, we the undersigned engaged Oliver Wyman to investigate the role of financial advisors in the U.S. retirement market and prepare a report, a copy of which is attached. The study draws upon proprietary surveys of more than 4,300 retail investors and 1,200 small businesses, datasets from IXI Services (a division of Equifax), representing approximately 20% of U.S. consumer invested assets on a household level and approximately 30% of U.S. consumer invested assets on an account level.

In the report, *The Role of Financial Advisors in the U.S. Retirement Market*, Oliver Wyman finds that individuals and small businesses who work with financial advisers are better off in many of the ways that matter most for superior investing outcomes than individuals and small businesses who choose or are forced to save without working with a financial advisor. As the study demonstrates, financial advisors play a key role in initiating retirement savings, advancing responsible savings practices and improving retirement outcomes for millions of Americans.

We offer this study and these findings as we continue to engage in the public policy discussion on the Department's fiduciary proposal in order to find a solution that best serves all investors. We believe that the Department of Labor is to be commended for its commitment and hard work furthering the interests of American workers and supporting greater retirement security for all Americans. We support a fiduciary standard of care that puts the interests of our clients first. We work every day to serve our clients, who deserve financial advice that is in their best interest, and we stand ready to support a workable rule that applies a best interest standard in a manner that truly benefits all retirement savers.

However, after careful technical review of the Department's proposed Conflict of Interest rule and thousands of hours of analysis, the undersigned firms have independently concluded that the proposed rule contains problematic prohibitions that would limit the ability of investors to work with a financial advisor, even if that advisor is committed to working in his or her clients' best interest. Despite the changes from the 2010 proposal, we are concerned that if the proposed rule is approved substantially as written, it will result in significant unintended consequences including:

- Eliminating the ability for small business owners to work with a financial advisor in establishing and maintaining retirement savings for their employees;
- Limiting the ability of investors to receive guidance on their retirement savings when they change jobs;
- Limiting any meaningful ability of investors to work with their current financial advisor on a transactional basis and requiring that most clients move to fee-based accounts; and
- Placing low and moderate income individuals at risk of being unable to work with a financial advisor if their savings are below the account minimums for fee based accounts.

In limiting or eliminating the ability of investors to work with financial advisors in ways they find meaningful and valuable, the Department of Labor proposal will almost certainly result in less retirement savings for Americans at a time when savings rates are already low. If the proposal is finalized without significant changes we are concerned that the impact on investors would be contrary to its stated purpose.

Retirement is too important to get wrong. It is imperative we put in place the right rules to incentivize and support retirement savings. Accordingly, we offer this study in the hope that we can work with the Department on a rule that applies a best interest standard without the prohibitions that would reduce the availability of advice for those who need it most. We believe that working together we can best serve all Americans striving for a secure retirement.

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President – Advice & Wealth Management

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Jeff Brown
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Edward Jones
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Mark Casady
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